

We were all a little less willing to demonize people with whom we simply disagree.

And then something good happened to this country when that brave young Air Force pilot, Scott O'Grady, survived for 6 lonely days in Bosnia and was rescued. And we saw what was best about America. And nobody cared if he had an Irish or a Polish name or if his skin was black, brown, or white. He had done something very brave and profoundly good that didn't have much to do with the kind of partisanship that covers so much of what is done in Washington.

And it was in that honest spirit that I offered the Republicans a balanced budget that the Democrats and the rest of the country, in my judgment, can in good conscience support; that will grow and not shrink the economy, and build up, not tear down, the middle class; that will help people to move from welfare to work, not just throw innocent children off of welfare. That is the spirit that I am trying to capture.

It was in that spirit that I agreed to have that conversation with the Speaker of the House up in New Hampshire a few days ago. I tell you, my friends, I did not sign on to be President just to say no, just to divide the country, just to try to prove I can be more clever than they are in these political debates. But I will not back down from my commitment that we have to grow the economy, build the middle class, reach out a helping hand to the poor, be fair to those who through no fault of their own need some help, preserve our environment, and bring this country together. I am telling you, that is the most important thing we have to do.

You know, one of the greatest honors of being President is being able to represent you when I go to other countries. I just was in the Ukraine in the beautiful city of Kiev, and I spoke outdoors at the university. There were tens of thousands of people there. And all along the road, four and five deep, people were there waving their American flags, cheering as Hillary and I rode by. And you know, I looked at her and I said what I always say, "They're not cheering for me. They're cheering for America, for what we are, for what we represent, for the hope that they feel."

Many of you have supported our administration's efforts in trying to make peace in the Middle East. They haven't asked "me" to do that, they have asked "us" to do that. Many of you have been involved in our efforts to try to help support the peace process in Northern Ireland. They didn't ask "me" to do that, they asked "us" to do that. America—that's what they think "we" are—bringing people together, bridging differences, moving forward.

There is no country in this world better positioned for the 21st century, better positioned to hand down our dreams to our children than the United States. But now we are back to debating first principles in Washington. We thank you for your financial investment tonight, but we ask you for your voice. We ask you for your labors. We ask you for your passion. We ask you for your heart. We are going to have to fight and debate and struggle to make sure that in this season we make the right decisions.

Thank you, and God bless you all.

NOTE: The President spoke at 8:56 p.m. at the Garden State Convention Center.

## Teleconference Remarks With Democratic Governors in Little Rock, Arkansas

June 23, 1995

*The President.* Hello, Governor Romer.

*Gov. Roy Romer.* Yes, Mr. President. I'm here, and also on the line are Howard Dean, Evan Bayh, and Bob Miller and Tom Carper.

*The President.* It's nice to hear your voices.

*Governor Romer.* Mel Carnahan would be here, but he's in Korea, Mr. President.

*The President.* I'm sorry he can't be here, but I hope he does well on his trip to Korea. And I want to thank him for his support as well. And I want to thank all of you for your letter in support of the budget plan that I have presented.

I know that all of you have experience in balancing budgets, and you know that it takes a combination of discipline and compassion and hard choices. And I believe that my budget meets the test that you try to meet every year.

As you know, the Congress yesterday, both Houses of Congress, the Republican majorities, have agreed now to reconcile the differences between their two. I am glad that both the President and the majority in Congress are committed to a balanced budget, and I believe most of the Democrats in Congress are as well. But I still disagree fundamentally with the way in which they propose to balance the budget. And I think it will complicate your lives as Governors considerably.

I believe that their plan is still too extreme, runs a significant risk of putting the economy into a recession and raising unemployment. It cuts education at a time we should be increasing it. It cuts Medicare beneficiaries in order to pay for large tax cuts that disproportionately go to the most well-off people in our country who don't really need them. And because the cuts are so severe in some areas, I believe they'll be very difficult for you to manage.

Our plan balances the budget over 10 years instead of 7, increases education along with inflation, from Head Start to our investments in college loans and scholarships. It preserves—while slowing the growth of Medicare and Medicaid, it preserves the integrity of the incomes of people on Medicare, so that these middle and lower middle income elderly people, who many of whom don't have enough to live on as it is, are not going to have to pay more for their medical benefits or give up a lot of medical care. It is a much more sensible approach to welfare, and the tax cuts are much, much smaller and targeted toward individuals and toward education and childrearing. So I believe that it's a better plan.

But now that the Senate and House have resolved their differences, we can proceed to what I hope will be an honest, open, and civil discussion with the American people about the agreements and the differences in our two plans. And I hope in the end we'll wind up doing a balanced budget in the right way that will grow the economy and that will support you and what you're trying to do at the State level.

And I cannot tell you how much I appreciate your support. You may have some questions

about what we're doing, and I'd like to hear from you now.

*[Governor Romer of Colorado stated that all of the Democratic Governors favored the President's 10-year plan for balancing the Federal budget and asked what they could do to refocus the debate on the importance of investing in education.]*

*The President.* Well, I think that's one of the things the Governors have to do, to help us on. And you have raised a point that has been almost completely absent from this debate in Washington because there's so much focus on the Federal investments and the Federal programs. The Republican alternative as compared to mine will have a bad effect on education in a direct way and in an indirect way. And I think most of the people covering this debate even have not thought about that.

Directly, it will obviously cut our ability to invest in everything from Head Start to the funds we give to you for Goals 2000 to help promote reforms, to the apprenticeship programs, to college loans.

But indirectly, you've made a very important point. Most of the funding for education in our country comes from the State and local level, and increasingly, States are playing a larger and larger role in school funding and in university funding. And if we cut Medicaid as severely as they propose to cut it—70 percent of that money goes to the elderly and the disabled—they will show up in the legislatures all across America. The pressures to avoid severe human hardship will be enormous, and therefore, the pressures on you to divert money that would otherwise go to education for the State level into nursing home care, into the care of the disabled, will be very, very great indeed. And there's been almost no discussion of this. So this could be a huge indirect cut in education as well.

And I think most Americans know we ought to be increasing our investment in education. In the global economy it's one thing we can do to ensure a good life with a secure income for our people. And I would urge the Governors to focus on the indirect impacts of this budget as well as the direct ones, because that's something our citizens will understand if it's explained to them. It's something the press corps will understand and report if it's explained to them. But it's been almost totally absent from

the debate so far. And it's a huge factor that has to be considered.

[Gov. Howard Dean of Vermont supported the President's plan for its approach in dealing with Medicaid costs and asked the President to comment on the impact of the Republican budget plan on Medicaid.]

*The President.* Well, I would just make a couple of points. And Governor Miller may want to talk more about this in a moment because he comes from such a high-growth State, but I think two things are going to happen if the Medicare and Medicaid budgets that they advocate actually become law. One is that the reductions in spending are so significant that there's no way that the high-growth States won't be adversely affected. That is, you may be able to take account of inflation and the fact that people as they live longer will use more health services, but there won't be enough to guarantee that the States with fast-growing populations that depend upon Medicare and Medicaid will be taken care of. There just won't be enough.

The second thing is that the cuts are so significant that it will virtually end the ability of States to expand health care coverage to the working poor through the Medicaid program and through a lot of the self-initiated reforms at the State level.

You know, what we tried to do—Governor Dean just alluded to it—after the failure of the health care reform effort in Congress last year, we just tried to support States that were finding ways to expand coverage and increase health care security for their people. I think that it will be almost impossible for the States to do that if the Medicare and Medicaid funds are cut this much. In fact, I think you'll be in a position of either dramatically increasing the cost of health care beyond the ability of low-income people to pay it or cutting back on the services you provide to them. I think if you look at these numbers, it's very difficult to imagine how that won't happen in almost every State in the country.

[Gov. Evan Bayh of Indiana endorsed the President's plan for avoiding the shift of health care costs from the Government to consumers and asked why Congress would not make this compromise.]

*The President.* Well, let me answer your question and then comment on what you said earlier.

I think that what I'm hoping will happen is that now there will be a discussion out in the country and a lot of moderate Republicans as well as independents and Democrats will say that, in the interest of economic growth and in the interest of fairness and in the interest of the integrity of the operation of a lot of our common efforts like education and health care, we ought to move more toward the framework that I have outlined.

I think that—I'm very much hopeful that you'll be able to discuss this budget at some point with the Republican Governors, and they will at least be able to embrace part of it because we've got now a serious economic study which predicts that the Republican budget would cause a recession. We've got a lot of evidence that it will hurt the States. But on the other hand, they are trying to balance the budget and, I agree with you, that's a goal we all ought to embrace because—well, let me just give you—you've all seen how the Federal-State partnership has been eroded as we have to devote more and more of our resources to paying interest on the debt. The budget would be balanced today because of our previous deficit reduction efforts in the last 2 years but for the interest on the debt run up in the 12 years before I became President. That's how bad a problem it is recently. And next year we'll pay more interest on the debt than we will for defense.

So we've got to balance the budget. But I'm hoping what you can do is to help me reach responsible Republican State legislators, State office-holders, Governors, and thoughtful independents to say let's do it, but let's do it in the right way.

Let me make just one other comment. Roy Romer pointed out one of the possible indirect impacts of the Republican budget, which was to—if we cut health care too much here and you have to take up the slack at the State level, you'll invest less in education. So we'll be cutting education at the Federal and the State level because of this budget.

You have pointed out two other indirect impacts, which we have already seen over the last 10 years. On health care, if we don't cover the full cost of health care for those who are insured by the Government, then hospitals and doctors will simply shift that cost on to private citizens and on to their health insurance bills, which will put more and more pressure on more and

more employers to either drop health insurance coverage altogether or to dramatically increase the cost of it. And if we cut taxes too much here in Washington and put you in a bind at the State level or people at the local level, there will be offsetting increases at the State and local level.

Now, we know what happened in the 1980's, the tax cuts in Washington mostly benefited upper income people. The tax increases at the State and local level, because they were concentrated on sales taxes and property taxes, mostly taxed middle income people. So again, I think we ought to think about protecting the middle class. Most American wage earners are working harder for the same or lower wages than they were making 10 years ago. We don't need to lower their incomes by these budget decisions.

So I would say anything you can do to tell the Democrats and others who aren't for a balanced budget they ought to be for a balanced budget—I appreciate what you said, Evan, about the Beltway, as opposed to the heartland; I think most Democrats out there in the country are with us; that's positive. But anything you can do, to go back to Governor Romer's point and your point, to try to help the American people and the press, who communicates to the American people, understand the indirect consequences of this budget, for education, for health care, and for taxes, I think will be very, very helpful, because there will be significant indirect consequences that ought to be taken into account.

*[Gov. Tom Carper of Delaware endorsed the President's plan. Gov. Bob Miller of Nevada pointed out that the congressional plan failed to consider the impact on States which faced rapid growth and asked if the President's plan addressed that concern.]*

*The President.* Yes. We maintain the present approach, for example, toward helping States fund welfare. And if you had a huge increase in the number of poor children, under our plan, there would be provisions for funneling more funds there in ways that would enable you to match them and go forward. Under their plan, they're going to cut it so much there's no way they can take account of growth. They try to on welfare for poor kids, but they just can't get there. There's no way, just because the size of the cut.

By the same token, with the medical programs, Medicare and Medicaid, with the size of the cuts that are coming in, they won't be able to take account of growth. And they will force States to either reduce medical coverage or try to get some cost out of people that we know are so poor they don't have the money in the first place.

Now, I would say those would be the two biggest areas where the high-growth States will be cut, in medical coverage and in the care for poor children.

*[Governor Romer said the conversation had been very helpful and again praised the President's budget plan.]*

*The President.* Thank you. Let's just keep talking about it. And let's use this debate. Now there's one alternative and not two, and we can use the debate. And again, I would say, let's try to get—let's try to go beyond partisanship as much as possible, look at the direct and the indirect impacts of both budget proposals. And we'll get to the end of the road in the right place.

Thank you very, very much.

NOTE: The President spoke at 11:15 a.m. in a telephone conference call from the Excelsior Hotel in Little Rock.

## Remarks at the America's Hope, Arkansas' Pride Luncheon in Little Rock, Arkansas June 23, 1995

Thank you so much. Thank you for being here. Thank you for being in such a good frame

of mind. And thank you for making Hillary and Al and Tipper and me feel so wonderful today.